



MUSTANG
— RESOURCES LTD —

ASX: MUS



Developing the World-class Caula Vanadium-Graphite Project

25 July 2018

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Information in this report that relates to the Montepuez Ruby Project's Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Sara Turnbull, a Competent Person who is a registered member of the South African Council for Natural Scientific Professions (SACNASP), which is a Recognised Professional Organisation (RPO) included in a list posted on the ASX website. Ms. Turnbull is an independent consultant who was engaged by the company to undertake this work. Ms. Turnbull has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mrs. Turnbull consents to the inclusion of the data in the form and context in which it appears. Information in this report that relates to the Balama Graphite Project's Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Johan Erasmus, a Competent Person who is a registered member of the South African Council for Natural Scientific Professions (SACNASP) which is a Recognised Professional Organisation (RPO) included in a list posted on the ASX website. Mr Erasmus is a consultant of Sumsare Consulting, Witbank, South Africa who was engaged to undertake this work. Mr Erasmus has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results. Mr Erasmus consents to the inclusion of the data in the form and context in which it appears.

Mustang confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements referenced throughout this announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Mustang confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.



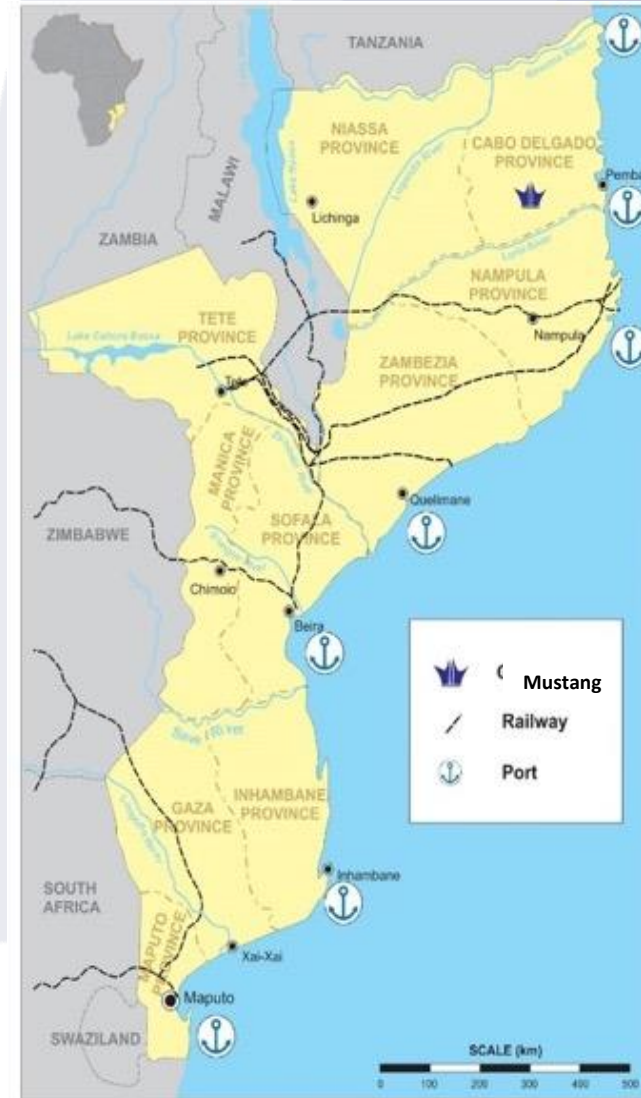
Mustang - becoming a vanadium & graphite producer



- Recently announced ruby asset merger with Fura Gems Inc. (TSXV.FURA) for A\$10 million in Fura shares plus A\$25 million committed investment¹
- Strategic deal allows Mustang to focus on world-class Caula Vanadium-Graphite project*:
 - 22 Mt @ 0.37% vanadium pentoxide (V_2O_5) (0.2 % cut-off)
 - Total contained V_2O_5 of 81,600 tonnes (~180 Mlb); PLUS
 - 317% increase in graphite resource to 21.9Mt @ 13.4% TGC (8% cut-off)

[Refer to ASX Announcements dated 21 July 2018 and 24 July 2018 for further details]

- Mozambique is Pro-mining and foreign investment
- Highly experienced team with a +15 year track record in developing profitable projects in Mozambique and Africa in general



1. Refer to ASX Announcement dated 17 July 2018 for more details

Mustang becoming a key player in vanadium & graphite



- Fastest growing battery commodity of 2017 (Bloomberg)
- Trading at US\$40,500/tonne (July 2018)
- Used in Vanadium Redox Flow Batteries (massive future growth market)
- 3,000t of vanadium used in batteries in 2017, twice as much as reported in 2016
- Main use in steel strengthening
- 2018 turning point with China increasing percentage of vanadium in steel
- Chinese vanadium demand jumped 15% in May 2018 from April as steel mills prepared to switch to making higher-strength steel



- Key component for Li batteries
- More graphite in a Li battery than lithium
- Massive future growth potential in fire retardant use as building standards change globally
- Steelmaking use a core market
- Chinese supply dwindling just as local demand takes off due to EVs
- Lack of new mines
- Large flake prices up 30% to 40% in last 6 months of 2017 (to approx. US\$1,200/tonne)



MUSTANG RESOURCES LTD

ASX Code	MUS
Shares on Issue	958,830,739
Unquoted Performance Rights*	14,000,000
Options#	179,988,217
Share Price (as 23 July 2018)	A\$0.019
Market Capitalisation	A\$18.22 million
Number of shareholders (as at 23 July 2018)	3,960

*Class E Performance Rights in favour of vendors of Balama Graphite Project. Vest upon proving a 50Mt JORC Compliant Inferred & Indicated Resource @ >5% TGC on licences 6678L and 5873L.

Note: 61million 3.5cent Listed Options expiring 25/01/2020 .Ticker- ASX: MUSOA

BOARD OF DIRECTORS

Dr. Bernard Olivier	Managing Director
Cobus van Wyk	Executive Director & COO
Ian Daymond	Non-Executive Chairman
Dr. Evan Kirby	Non-Executive Director & Metallurgist
Christiaan Jordaan	Non-Executive Director

Ownership: Top 20 = 30%; Directors = 7%

Strategic ruby asset merger with Fura Gems Inc.

- Mustang agreed to merge all its ruby interests with Fura Gems Inc. (TSXV.FURA) (“Fura”) for A\$10 million in Fura shares¹
- Fura is listed on TSXV and led by former Gemfields COO Dev Shetty with interests in the Montepuez gem-field and the legendary Conscuez emerald mine in Colombia
- Fura committed to invest A\$25 million in further exploration and resource definition, subject to exploration success, of its expanded Montepuez Project over 3 years
- Fura investigating its dual listing in London with significant existing shareholder and new institutional investor interest expected
- The transaction will deliver Mustang shareholders exposure to a leading gemstone specialist with significant experience and critical mass
- Closing of transaction is subject to satisfaction of customary conditions precedent on or before 30 November 2018, including Mozambican Government approval

Mustang now able to focus solely on its world-class Caula Vanadium-Graphite project where Phase 1 production is targeted for H1-2019

1. Refer to ASX Announcement dated 17 July 2018 for more details



FURA



Caula Vanadium-Graphite Project

A Spectacular High Grade Vanadium & Graphite Discovery



Caula Vanadium-Graphite Project Overview



JORC (2012) Measured Mineral Resources

- Vanadium: 22Mt @ 0.37% V_2O_5 (0.2% cut-off) for 81,600 tonnes of contained V_2O_5
- Graphite: 21.9Mt @ 13.4% TGC (8% cut-off) for 2.93 Mt of contained graphite

Premium Products

- Up to 68% Large, Jumbo and Super Jumbo Flake sizes @ 97% TGC
- Up to 1.9% V_2O_5 in-situ, metallurgical work underway

Locality

- Located in Northern Mozambique and along strike from world-class Syrah Resources (ASX: SYR) deposit

Project Status / Strategy

- Scoping study underway with results in Q3 2018, targeting production from phase 1 trial mining by mid 2019

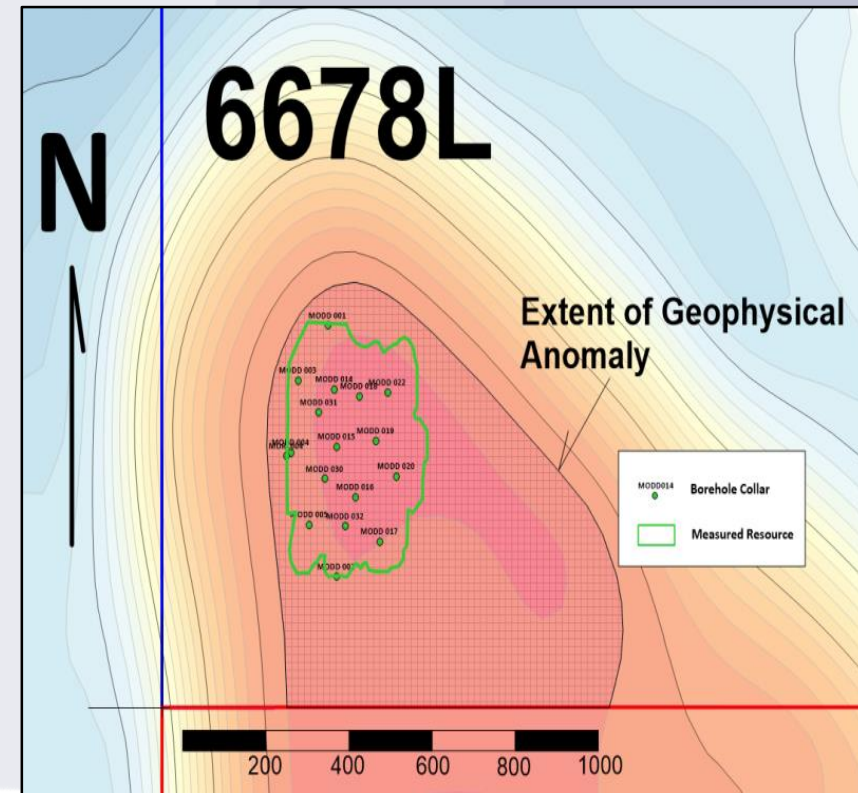


Caula Vanadium-Graphite Project

Unique mica-hosted vanadium deposit



- Mustang maiden JORC (Measured) Resource of 22Mt @ 0.37% V_2O_5 (0.2% cut-off) ¹
- 81,600 tonnes of V_2O_5 with substantial additional resource upside
- 98% purity V_2O_5 trading at US\$40,500/tonne (US\$18.50/lb)
- Mustang vanadium deposit hosted within roscoelite a mica mineral associated with the graphitic schist
- Potentially simpler (and cheaper) to extract V_2O_5 (98%+ purity) products from a mica mineral than traditional titanomagnetite vanadium deposits
- Mustang developing an integrated vanadium-graphite flowsheet utilising simple flotation and WIMS to extract vanadium & graphite concentrates



1. Refer to ASX Announcement dated 21 July 2018

Vanadium market: a perfect storm

- Vanadium's main use is as steel-strengthening alloy
- China announced new policies in Jan 2018 requiring higher % vanadium in steel rebar
- Chinese vanadium demand jumped 15% in May 2018 from April as steel mills prepared to switch to making higher-strength steel
- Vanadium demand is conservatively forecast to grow at a compound annual growth rate of 5.6%, reaching 133,000t in 2025
- Forecast supply, including all idle capacity and expansion of existing primary mines, predicted to grow at a CAGR of 3.7% to 111,000t in 2025.
- 3,000t of vanadium used in batteries in 2017, twice as much as reported in 2016
- Current V_2O_5 price is US\$18.50/lb (US\$40,500/tonne) (98% V_2O_5) still far below 2005 peaks

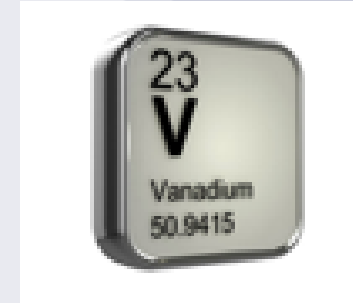
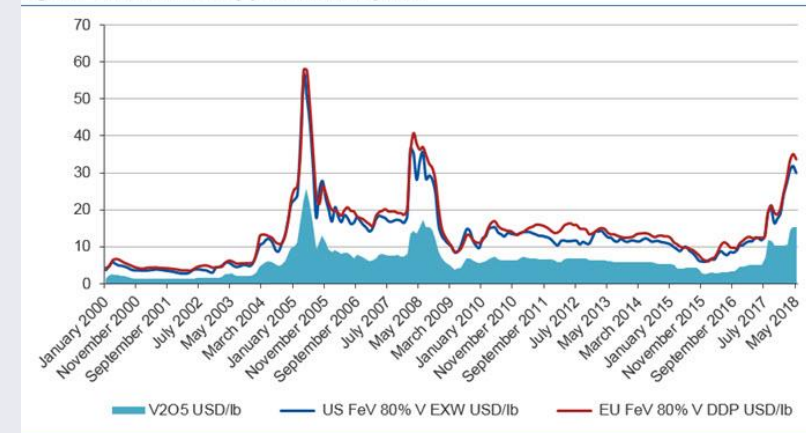


Figure 1 Vanadium monthly prices 2000-May 2018



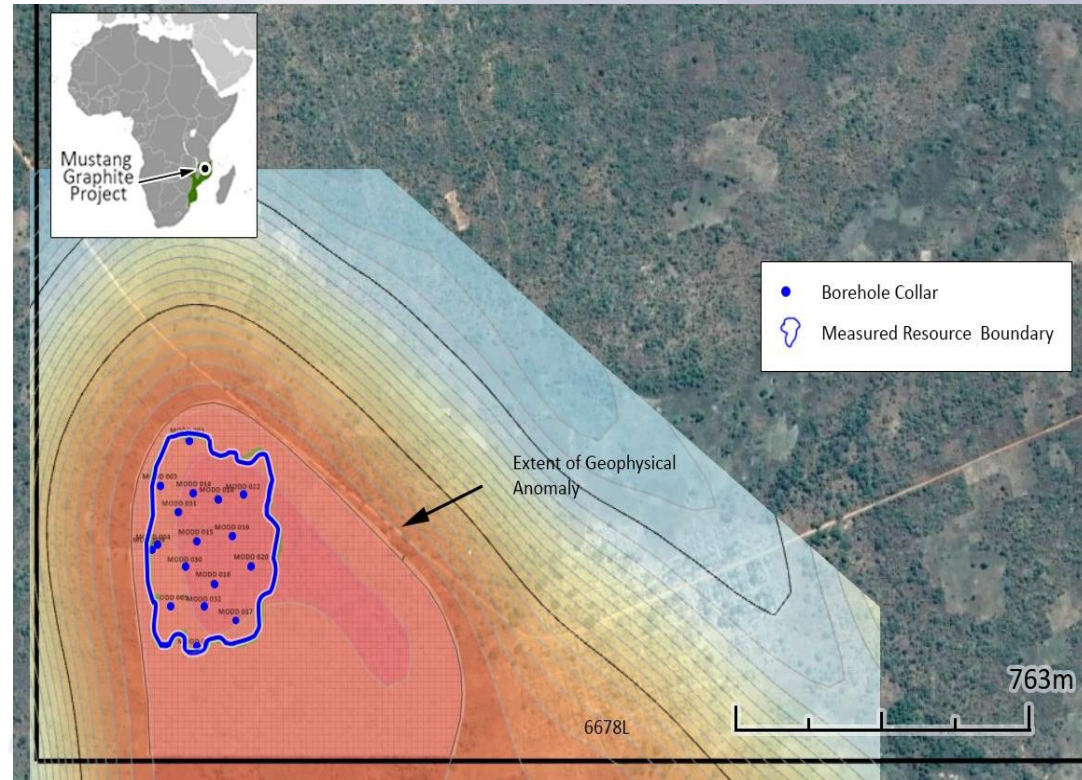
CRU, *V2O5 pricing assesment moved from US - China in July 2017.

Caula Vanadium-Graphite Project

317% increase in high grade Graphite Resource



- One of the highest grade graphite deposits in the world with grades up to 28% TGC
- Total Updated JORC (Measured) Graphite Resource of 21.9 Mt @ 13.4% TGC (8% cut-off)¹
- 317% increase in size of Mineral Resource from 702,600 tonnes to 2,933,100 tonnes of contained Graphite
- The entire Graphite Resource now in the Measured Resource category and upgraded from the initial December 2017 Inferred Resource
- Substantial scope for further growth in the Graphite Resource through exploration



1. Refer to ASX Announcement dated 24 July 2018

Caula Vanadium-Graphite Project

Superior Graphite Metallurgy Proven



- Metallurgical testwork confirms exceptional quality graphite with more than 63% of cumulative proportion in large to super jumbo flakes sizes (>180µm) and excellent concentrate grades of more than 97% TGC

1. Refer to ASX Announcement dated 25 June 2018

Graphite Product	Size Fraction (µm)	Fresh Sample		Transitional Sample		Oxide Sample	
		Mass (%)	TGC (%)	Mass (%)	TGC (%)	Mass (%)	TGC (%)
Super Jumbo	>500	5.4	97.58	6.5	98.11	0.9	96.81
Jumbo	300 to 500	26.1	97.82	25.0	98.66	10.6	97.64
Large	180 to 300	36.4	97.43	36.6	98.64	34.7	97.70
Medium	150 to 180	9.5	96.96	10.3	98.46	14.8	97.76
Small	75 to 150	21.6	96.85	23.2	98.42	36.8	97.78
Fines	<75	6.0	88.6	1.1	97.71	4.2	96.12
Combined Concentrate		100	96.99	100	98.52	100	97.67

Summary - Key Investment Takeaways



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- Fast tracked development of a world class vanadium-graphite project
- Significant maiden vanadium resource hosted in an unique mica-mineral making it potentially simpler and cheaper to extract
- Caula proven as one of the highest grade graphite deposits in the world AND delivers >60% of large, jumbo & super jumbo flakes @ 97% TGC
- Management team with significant in-country experience & “skin in the game”
- Clear development milestones to first trial-mining production from Caula in 2019
- Additional upside through A\$10 million ruby asset merger with Fura

Appendix 1: Mustang Board



Dr. Bernard Olivier, Managing Director

- Dr Olivier holds a PhD in Economic Geology from the University of Stellenbosch, South Africa. He has worked as a geologist since 1998 in various African, Asian and South American countries, including Tanzania, South Africa, Burundi, Swaziland, Argentina, Colombia, Australia and the Philippines. He is a dual Australian and South African national and a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM).
- Worked on a variety of exploration and development projects as well as in mining operations across a spread of commodities, including, gemstones, graphite, gold, diamonds, PGEs, base metals and coal. He has over 10 years' experience as a listed company director. Most recently, Dr Olivier has served as the Chief Executive Officer of Richland Resources Plc (formerly Tanzanite One) since March 2010 and as a director of Bezant Resources Plc since March 2007.



Cobus van Wyk, Executive Director & COO

- Co-founder of the Regius Group of companies
- Chief Operating Officer of Mustang since January 2018
- Holds Bachelor of Marketing (Tshwane University of Technology) and MBA (University of Wales). Former senior executive in financial industry and capital markets, working at the Johannesburg Stock Exchange and Bankcorp South Africa
- Qualified portfolio manager and stockbroker, more than 23 years' experience in financial services
- 12 years experience in mining and exploration in Mozambique

Christiaan Jordaan, Non-Executive Director

- CEO and co-founder of Mozambican-focused exploration company Regius Resources Group
- Regius holds 7.0% of Mustang
- Extensive experience managing mining and energy projects in Mozambique
- Member of AICD, holds Commercial Law Degree, former Director of financial services group in SA



Ian Daymond, Non-Executive Chairman

- Mr Daymond practised as a solicitor for more than 41 years as an external or in-house mining and resources lawyer and continues to provide consulting services in the mining and resources sector.
- He was General Counsel and Company Secretary of Delta Gold Ltd for over 11 years which saw the company grow from a small gold explorer into one of the largest gold producers in Australia with significant platinum and gold mining interests in southern Africa.
- Mr Daymond has significant independent director experience, having served as a non-executive director of International Base Metals Ltd with substantial copper interests in Namibia and is the former chairman of Eldore Mining Corporation Ltd (ASX: EDM), ActivEx Ltd (ASX: AIV) and Copper Range Ltd (ASX:CRJ) and a former non-executive director of Hill End Gold Ltd.
- Mr Daymond was the national chairman of the Australia-Southern Africa Business Council for 3 years and has substantial business, legal and corporate government precious, base metals and diamond projects, not only in Australia but also southern Africa over the past 25 years.
- He is currently the Honorary Consul in NSW for the Republic of Botswana and was an individual member of the Australia-Africa Mining Industry Group (now called the Australia-Africa Minerals & Energy Group (AAMEG) of which the Company has now become a corporate member) which promotes corporate social responsibility principles amongst Australian mining companies with activities in Africa.

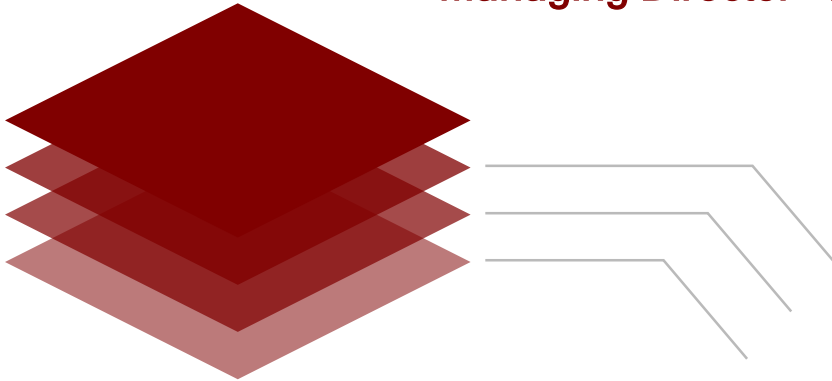
Dr. Evan Kirby, Non-Executive Director & Metallurgist

- Dr Kirby is a metallurgist with more than 40 years' experience and has extensive corporate and technical expertise.
- Dr Kirby worked for 16 years in South Africa with Impala Platinum, Rand Mines and then Rustenburg Platinum Mines.
- In 1992, he moved to Australia and was employed by Minproc Engineers and then Bechtel Corporation, where he had management and technical responsibilities. In 2002, Evan established his own Australian based consulting business, Metallurgical Management Services. He has held leading roles in numerous metals and minerals projects, including many world-class developments, and has been a director of several ASX and AIM-listed mining companies.
- His hands-on experience includes diamonds, coloured gemstones, graphite, vanadium, gold and platinum group metals, mineral sands and base metals.

Contact Details



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